

IC 5-20-3

Chapter 3. Mutual Housing Associations

IC 5-20-3-1

"Families of low and moderate income" defined

Sec. 1. As used in this chapter, "families of low and moderate income" has the meaning set forth in IC 5-20-1-2.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-2

"Housing project" defined

Sec. 2. (a) As used in this chapter, "housing project" means any work or undertaking to provide decent, safe, and sanitary urban or rural dwellings, apartments, or other living accommodations for families of low and moderate income, including:

- (1) buildings, land, equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers, water service, parks, site preparation, gardening, administrative, community, recreational, commercial, or welfare purposes; and
- (2) the acquisition and rehabilitation of existing dwelling units or structures to be used for moderate or low rental units.

(b) The term includes the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration, and repair of the improvements, and all other connected work. The term includes the reconstruction, rehabilitation, alteration, or major repair of existing buildings or improvements.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-3

"Mutual housing association" defined

Sec. 3. As used in this chapter, "mutual housing association" refers to a corporation established under section 4 of this chapter.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-4

Establishment of agency; powers and duties; articles of incorporation, approval, and contents

Sec. 4. (a) A mutual housing association may be established as a nonprofit corporation incorporated under IC 23-7-1.1 (before its repeal on August 1, 1991) or IC 23-17 to prevent and eliminate neighborhood deterioration and to preserve neighborhood stability by:

- (1) providing high quality, long term housing for families of low and moderate income; and
- (2) affording community and residential involvement in the provision of that housing.

(b) The articles of incorporation of a mutual housing association must meet the requirements of the Indiana housing finance authority

under IC 5-20-1-6 and must be approved by the authority.

(c) The articles of incorporation of a mutual housing association must include a provision that provides that if the mutual housing association dissolves, is involved in a bankruptcy proceeding, or otherwise disposes of its physical properties, the association may only transfer the assets to another entity that provides high quality long term housing for families of low and moderate income.

As added by P.L.69-1989, SEC.3. Amended by P.L.179-1991, SEC.8; P.L.1-1992, SEC.12.

IC 5-20-3-5

Articles of incorporation of mutual housing association; purposes

Sec. 5. A mutual housing association must have as one (1) of its purposes in its articles of incorporation the construction, rehabilitation, development, ownership, or operation (including the management and maintenance of housing) of high quality long term housing for families of low and moderate income.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-6

Contracts for state financial assistance; mutual housing associations; grants and loans

Sec. 6. The Indiana housing finance authority may enter into a contract with a mutual housing association to provide financial assistance for the construction, rehabilitation, ownership, or operation of housing for families of low and moderate income. State financial assistance may be in the form of grants, loans, or a combination of grants and loans and may be used for the acquisition or development of housing sites and for the costs incurred in the development of the housing. Grants may not exceed the development cost of the housing project.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-7

Contracts for state financial assistance; mutual housing associations; provisions

Sec. 7. A contract for state financial assistance with a mutual housing association under section 6 of this chapter must include (for each housing site) the following provisions:

- (1) Each housing site must be managed in an efficient manner to permit the fixing of the rentals at the lowest possible rates consistent with providing decent, safe, and sanitary dwelling accommodations.
- (2) A mutual housing association may not construct or operate a housing site for profit.
- (3) Rental rates may not be fixed a level higher than necessary to produce revenue that, together with other revenue, will be sufficient to pay, as it becomes due, the principal and interest on the loans made to the mutual housing authority, the maintenance and operating expenses of a housing project

(including insurance and administrative costs), and an allowance for a reasonable return on equity capital contributed to a housing project through membership fees or nonstate grants. The rentals must be within the financial reach of families of low income. The return on equity capital must be used by the mutual housing association to develop additional dwelling units.

(4) The mutual housing association, subject to the approval of the housing finance authority, shall fix the maximum income limits for the admission and continued occupancy of families in the housing. The association shall define the income of a family to provide the basis for determining eligibility for the admission, rent, and continued occupancy of families under the maximum income limits. In defining family income, the authority may provide for the exclusion of any part of the income of family members that the authority believes generally available to meet the cost of basic living needs of the family.

(5) The mutual housing association may not refuse to rent a dwelling accommodation to an otherwise qualified applicant because one (1) or more of the proposed occupants are children born out of wedlock.

(6) The mutual housing association shall provide each applicant for admission to the housing project a receipt stating the time and date of application and shall maintain a list of the applications that must be available for public inspection. The Indiana housing finance authority shall adopt rules governing the form and procedure for maintaining the list.

(7) The mutual housing association may require the payment of a membership fee as a condition of eligibility of occupancy for a dwelling unit. The fee must be refunded to a resident member, with nominal interest, when the member vacates the dwelling unit.

(8) The Indiana housing finance authority shall require and must approve an operation management plan for each housing project from the mutual housing association. The plan must provide for an income adequate to pay debt service, administrative costs (including a state service charge), operating costs, and adequate reserves for repairs, maintenance, replacements, and vacancy and collection losses. In addition, the mutual housing association shall adopt a plan for the administration of a housing project that must be approved by the tenants and the housing finance authority. The association shall provide copies of the plan to each adult tenant and to the Indiana housing finance authority.

(9) The Indiana housing finance authority may inspect any housing during the period of the loan or, in the case of a grant, during the period when a housing project is used to house families of low and moderate income.

(10) The mutual housing association shall semiannually submit a report to the housing finance authority with information on

operating costs, tenant information, rentals, and any other information that the Indiana housing finance authority requires by rule.

(11) The mutual housing association may request permission of the Indiana housing finance authority to allow the continued occupancy of dwelling units by tenants whose annual income exceeds maximum limits or the rental of vacant units to tenants whose income exceeds maximum limits if the vacancies would result in the inability to pay debt service, administrative costs (including state service charges), operating costs, and reserve for repairs, maintenance, replacements, and collection costs. The continued occupancy or rental must be for a period of one (1) year, subject to subsequent one (1) year renewals. The mutual housing association may, subject to the approval of the Indiana housing finance authority, fix rent at a higher level for tenants described in this subdivision.

(12) The difference between the increased rent and the normal rent described in subdivision (11) must be used by the mutual housing association to develop additional dwelling units or credited against the rent owed by another low or moderate income resident member of the association.

(13) The cost of options on housing sites, engineering and architectural services, and preliminary construction expenses may, subject to the approval of the Indiana housing finance authority, be included as part of the cost of a project to be financed by a loan or grant.

(14) The mutual housing association may provide for variable rents based on family income.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-8

Service charges; mutual housing associations; loans and grants

Sec. 8. The Indiana housing finance authority may assess a mutual housing association a service charge for each loan or grant provided to the association.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-9

Mutual housing association; resident requirements

Sec. 9. A resident of a mutual housing association:

- (1) must participate in the ongoing operation and management of the housing;
- (2) must have a right to continue residing in the housing as long as the resident complies with the terms of the occupancy agreement; and
- (3) may not possess an equity or ownership interest in the housing.

As added by P.L.69-1989, SEC.3.

IC 5-20-3-10

Rules

Sec. 10. The Indiana housing finance authority shall adopt rules under IC 4-22-2 to carry out this chapter.

As added by P.L.69-1989, SEC.3.